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**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION**

RESIDUAL RECEIPTS NOTE
(Nonprofit Mortgagors)

Project Name: _____

FHA No. _____

For value received _____ (“Maker”) promises to pay to _____
_____ (“Payee”) the sum of _____ Dollars
(\$ _____) at _____

with interest at the rate of _____ % per annum, [not to exceed the highest permissible rate on the FHA insured Note] which shall not be compounded, subject to the following:

1. Principal and interest on this Note shall be due and payable on the maturity date (the “Maturity Date”) which is hereby defined as the maturity date of the note and mortgage (the “HUD Mortgage”) insured by the Secretary of Housing and Urban Development (“HUD”) financing FHA Project No. _____, provided that if the aforesaid insured note is prepaid in full, the holder of this note, at its option and without notice, may declare the whole principal sum or any balance thereof, together with interest thereon, immediately due and payable.
2. Prepayments to principal and interest on this note may be made only from the Residual Receipts Fund, as that term is defined in the Regulatory Agreement between the maker and HUD executed in connection with the above project, and only after

obtaining the prior written approval of HUD. Such prepayments may be made only after final endorsement of the note for insurance by HUD and after the end of a semiannual or an annual fiscal period of Maker.

3. This note is non-negotiable and may not be sold, transferred, assigned, or pledged by the payee except with the prior written approval of HUD.
4. In the event that the maturity date of the HUD Mortgage is extended and such extension is approved by HUD then in such event the Maturity Date of this Note shall automatically be extended to the extended maturity date of the HUD Mortgage without the consent of Payee.
5. Any unauthorized payments, as determined by HUD, shall be returned to the Project, as that term "Project" is defined in the Regulatory Agreement aforesaid.
6. This note is made and delivered in payment of _____

7. Presentation, demand and notice of demand, non-payment and protest of this Note are waived.
8. The terms and provisions of this Note are also for the benefit of and are enforceable by HUD against either party or any other person.

In witness whereof the Maker has signed this Note on this _____ day of _____, 20____.

By:

Maker

Title

The Payee hereby certifies that this is a bona fide transaction and that Payee fully understands all the requirements of this note, and that no prepayment of principal or interest shall be

accepted without evidence that HUD has authorized such prepayment. If an unauthorized prepayment is accepted, the funds shall be returned to the Project immediately upon discovery.

By: _____
Payee